

Cost Recovery Analysis of Fisheries Management in MD



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MARYLAND DEPARTMENT OF NATURAL RESOURCES

Tidal Fisheries Advisory Commission – 1/31/12

Motivation for the Exercise

- **ACCOUNTABILITY:** Need to evaluate cost recovery management principle for each management sector.
- **BUDGET:** Fisheries Service projected budget deficit to begin in FY2013, and reach \$3.2 million in FY14.

Cost Recovery Defined for this Exercise

Cost Recovery: The amount of non-general funds needed to cover the operating costs for each management sector.

Examined at two levels:

- The percentage of operating costs that are covered by:
 - 1) Users fees within each sector; and
 - 2) User fees and other non-general funds within each sector

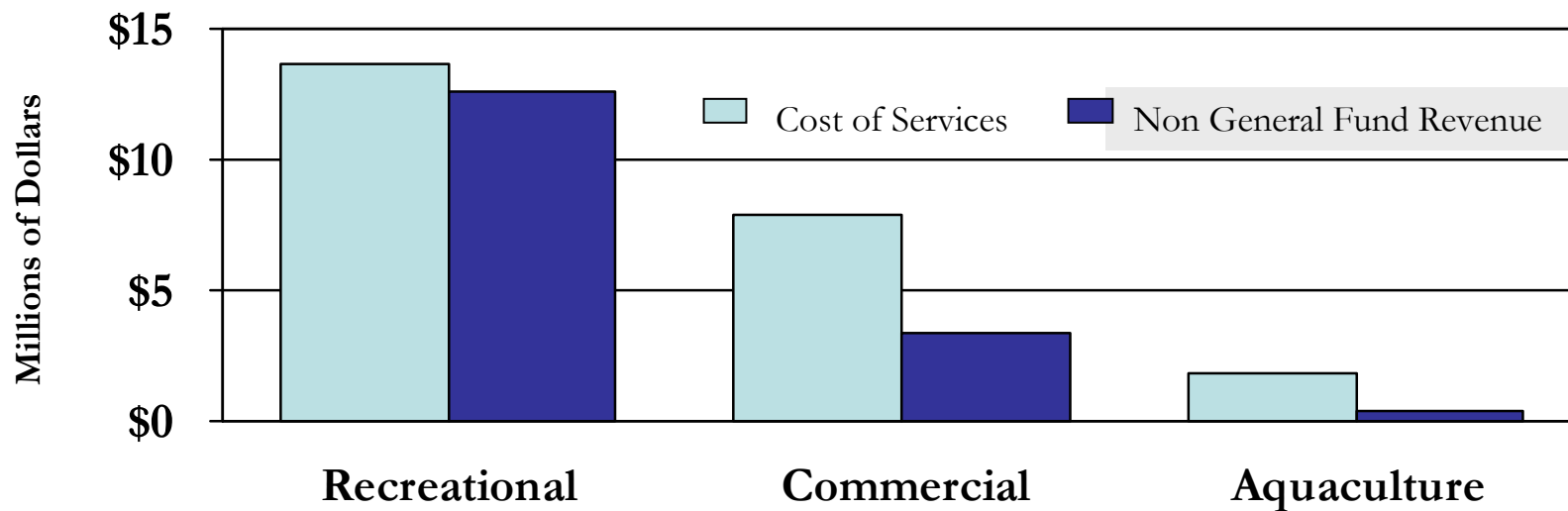
The Exercise: A Simple Allocation of the FY12 Budget

- Allocate time (and salary) of all Fisheries Service employees across its management sectors:
 - Recreational
 - Commercial
 - Aquaculture
- Allocate special funds and recurrent federal and reimbursable funds to each sector.
- The end result is a % of cost recovery and allocation of general funds for each management sector.

The Exercise: A Simple Allocation of the FY12 Budget

- Source of User Fees
 - Recreational Fishermen
 - State licenses
 - Federal excise tax on sport fishing equipment
 - Commercial Fishermen
 - State licenses and surcharges
 - Aquaculture
 - State permits
- Source of Federal Funds
 - Recurrent grants
- Source of Reimbursable Funds
 - MD Department of Transportation

FY 2012 Cost Recovery by Management Sector



%Cost Recovery	93%	43%	22%
Based on non-GFs			

%Cost Recovery	93%	20%	9%
Based on user fees			

Summary

- Recreational user fees are not needed to cover the management costs of the commercial fishery.
- Recreational sector is at a 93% cost recovery level based on user fees.
- Commercial sector is at a 20% cost recovery level based on user fees, and 43% when federal grants and reimbursable funds are included.
- Fisheries Service general funds are currently applied disproportionately across management sectors to cover management costs:
 - Recreational: 15%
 - Commercial: 66%
 - Aquaculture: 19%

Summary

- **Fisheries Service Mission:**
 - Protect, conserve and enhance fishery resources
 - Provide and enhance fishing opportunities, including access
 - Provide sustainable economic opportunities
 - Promote and protect fishery resources through outreach and education
- **Problem:**
 - To fulfill its mission, Fisheries Service supports efforts in diverse areas, some of which include: science and assessment, fishing access, regulation and legislation, enforcement, allocation, restoration, stock enhancement, data management, ecosystem management, hatcheries, legal analyses, user conflict resolution, environmental review, inter-jurisdictional management, habitat protection, harvest monitoring, water quality monitoring, quota tracking, promotion and marketing, socio-economic studies, aquaculture development, communication and outreach, buoys and navigation, endangered and threatened species.
 - If Fisheries Services' \$3.2 million budget deficit in FY14 is not addressed, funding will not be available to continue these essential services.
- **Solution:**
 - The Department plans to work with fisheries stakeholders in 2012 to identify strategies to address the Fisheries Service budget deficit with a focused interest on increasing commercial license fees, permits and surcharges to achieve a higher level of cost recovery.



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2012 Legislation – Departmental Bill

Details of Bill

- Cost Recovery

- Provide Department authority to bill commercial fishermen for their use of tags and hailing services.
- Conduct a summer study on cost recovery with fisheries stakeholders and provide a report with recommendations by October 1, 2012.

– Accountability / Efficiency Measures

- See handout.

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Questions / Comment